

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ABIDJAN

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E.O. 11652:

TAGS: IV, EFIN

SUBJ: SODESCUCRE/SUGAR PROJECT

BEGIN UNCLASSIFID

FYI WITH REGARD TO THE SODESUCRE SUGAR PROJECT, EXIMBANK HAS BEEN ADVISED BY MR. J. KIGBAFORI SILUE, DIRECTOR GENERAL OF SODESUCRE THAT (A) FACTORY COMPLETION IS NOT NOW POSSIBLE BEFORE SEPTEMBER 1ST; (B) ACTION BY EXIMBANK WITH OFFICIALS OF LANG ENGINEERING COULD RESULT IN A SPEEDUP OF WORK; AND (C) LATE DELIVERY WILL AFFECT CASH FLOW ESTIMATES. IN RESPONSE EXIMBANK HAS SENT THE FOLLOWING MESSAGE TO DIRECTOR GENERAL SILUE:

"THIS IS TO ADVISE, IN RESPONSE TO YOUR CABLE OF JULY 16, 1974, THAT WE HAVE ON MORE THAN ONE OCCASION MET WITH REPRESENTATIVES OF LANG ENGINEERING TO REVIEW DEVELOPMENTS AND URGE FURTHER EFFORTS TO BRING ABOUT TIMELY COMPLETION OF THE PROJECT. AS YOU KNOW,
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HOWEVER, WE DO NOT HAVE ANY CONTRACTURAL RELATIONS WITH LANG

ENGINEERING, WHICH FIRM YOU SELECTED IN ACCORDANCE WITH YOUR BID PROCEDURES. NATURALLY WE CONTINUE TO HAVE AN INTEREST IN THE SUCCESSFUL COMPLETION OF THE PROJECT AND ENCOURAGE YOU IN CONTINUING YOUR EFFORTS WITH LANG TO SEE THAT THE PROJECT IS SPEEDILY CONCLUDED.

"WHILE WE APPRECIATE THE IMPACT OF COMPLETION DELAYS ON THE PROJECT'S CASH FLOW, SODESCURE'S PAYMENT OBLIGATIONS ARISING UNDER EXIMBANK FINANCING MUST BE MET IN ACCORDANCE WITH THE TERMS SET FORTH IN ARTICLE I OF OUR CREDIT AGREEMENT OF MAY 15, 1972, AS AMENDED. IT WAS, OF COURSE, FOR THIS REASON THAT EXIMBANK IN AGREEING TO THE SUBSTITUTION OF SODESUCRE, RATHER THAN THE REPUBLIC OF IVORY COAST, AS OBLIGOR OF ITS FINANCING, REQUIRED THE UNCONDITIONAL GUARANTEE OF THE REPUBLIC OF IVORY COAST OF THE CREDITS BY EXIMBANK AND FIRST NATIONAL CITY BANK. EXIMBANK IN EXTENDING FINANCING THEREFORE WAS LOOKING NOT SO MUCH TO THE CASH POSITION OF THE PROJECT OR OF SODESCURE BUT TO THE OVERALL FINANCIAL RESOURCES OF THE REPUBLIC OF THE IVORY COAST.

"A REVIEW OF OUR RECORDS INDICATES THAT WE HAVE NOT TO DATE RECEIVED THE INTEREST AND COMMITMENT FEES FOR WHICH SODESUCRE WAS BILLED ON MAY 15. YOUR PROMPT ATTENTION TO THIS MATTER WILL BE GREATLY APPRECIATED. FURTHERMORE THE PROGRESS REPORT AS OF MAY 31, 1974, PROMISED IN EARLIER COMMUNICATION HAS NOT BEEN RECEIVED."
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EXIMBANK DID NOT MENTION IN THE ABOVE CABLE THAT EXIMBANK RAISED THE QUESTION OF LANG'S SUITABILITY ON AT LEAST TWO OCCASIONS DURING MEETINGS WITH HIGH IVORY COAST GOVERNMENT OFFICIALS, INCLUDING MINISTER BEDIE. EACH TIME EXIMBANK WAS ASSURED OF IVORY COAST SATISFACTION WITH LANG AND THAT THE FIRM'S WORK WAS ACCEPTABLE.

WE WOULD APPRECIATE BEING ADVISED OF CURRENT DEVELOPMENTS AS THEY ARE BROUGHT TO THE EMBASSY'S ATTENTION ESPECIALLY AS THEY MAY RELATE TO THE SEPTEMBER COMPLETION TARGET DATE AND MAINTENANCE OF EXIMBANK'S PAYMENT SCHEDULE. KISSINGER

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